

# **National Intelligence Daily**

Thursday 8 February 1979

State Dept. review completed

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#### OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

#### China-Vietnam

The US Embassy in Tokyo reports that during a meeting with Ambassador Mansfield yesterday Vice Premier Deng Xiaoping took a harsh line on the Vietnamese invasion of Kampuchea. Deng said that China would take "appropriate measures" to restrain the Vietnamese in order to prevent the Indochina situation from worsening. Deng emphasized that mere statements would not inhibit the Vietnamese and that the Chinese would have to teach them an appropriate lesson.

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## <u>China</u>

According to an account recently provided to the US Mission to NATO, Chairman Hua Guofeng told visiting Netherlands Foreign Minister Van der Klaauw last month that he considered internal and international tranquility essential for carrying out China's extensive economic modernization plans. Hua reportedly said that friendship and understanding among Western Europe, the US, Japan, and China would cause the USSR to weigh seriously any plans to disturb international tranquility. On the Iranian crisis, Hua said that the USSR was attempting to use the situation to disturb the flow of Iranian oil to Western Europe, and that Soviet ambitions included influence over energy sources and domination of the Pacific and Indian Oceans as well as the Persian Gulf.

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The US Embassy reports that Prime Minister Callaghan, faced with a rapidly deteriorating political standing, is leaning toward an early April election date, although his advisers would prefer a delay in the elections. In preparation for the elections, Callaghan intends to develop a credible platform, to devise an improved method for handling wage demands, and to hold to an established program designed to contain the inflation rate. The Prime Minister and his advisers believe that the Labor Party still has a fighting chance despite recent polls giving the Conservatives the lead. The Embassy comments that the chances for a Labor victory seem slim.

### USSR-Romania

The Romanian Embassy Counselor in Moscow told the US Embassy that Soviet-Romanian differences on Kampuchea and Warsaw Pact policy were discussed in some detail during Foreign Minister Andrei's recent visit to Moscow. The Romanian stated that the visit was useful in terms of overall relations even though much of the exchange was a reiteration of standard positions. He indicated that the Soviets quietly acknowledged that Romania's stand on Kampuchea was somewhat less contentious than its position on Warsaw Pact defense matters, and that the language in the joint statement calling for the right of every people to decide its fate "without any interference from without" was included at Romanian insistence.

Algeria

Results to be announced today of the Algerian presidential election yesterday are expected to endorse sole candidate Chadley Bendjedid as successor to the late President Boumediene. According to press accounts, the Interior Minister said Bendjedid could be sworn in tomorrow. A heavy voter turnout was reported.

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USSR-Yugoslavia

The Yugoslav Ambassador in Sofia has informed the US Embassy there that the matter of the long-pending meeting between Presidents Brezhnev and Tito was raised in a message from Brezhnev to Tito delivered during the Soviet leader's visit to Bulgaria last month. According to the Yugoslav diplomat, the tentative time under consideration then was late February or early March. Brezhnev in the message also urged Tito to tone down his criticism of the new regime in Kampuchea.

COMMENT: Recent tensions between Yugoslavia and the USSR over Kampuchea and Tito's present tour of the Middle East may preclude such a meeting in the near future.

Kuwait

A press campaign is under way is Kuwait directing public attention to "democratic institutions," the US Embassy reports. The media coverage is being encouraged by the government, according to the Embassy, and is suggesting in particular the reconvening of the national assembly which was suspended in August 1976 following some rather "bumptious" sessions. Officially, this democratic dialogue has no connection with Iran, although Embassy contacts note that Kuwaitis regard the suppression of free democratic expression as a major mistake by the Shah.

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